

**ENTERED**

NOV 08 2002

Clerk, U.S. Bankruptcy Court  
Northern District of Alabama

By: *[Signature]*

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ALABAMA  
SOUTHERN DIVISION**

<p><b>In re:</b></p> <p><b>MEADOWCRAFT, INC.,</b></p> <p style="padding-left: 40px;"><b>Debtor.</b></p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p><b>Chapter 11</b></p> <p><b>Case No. 02-06910-TOM-11</b></p>
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**ORDER APPROVING BIDDING PROCEDURES AND  
AUTHORIZING BREAK-UP FEE AND OVERBID  
PROVISIONS AND FORM OF NOTICE OF SALE**

This matter having come before the Court upon the Motion for Order: (I) Scheduling Hearing on Proposed Asset Sale and (II) Approving (A) Bidding Procedures By Which The Debtor May Sell Assets Located In Somerton, Yuma County, Arizona, (B) Breakup Fee And Overbid Provisions, And (C) Form Of Notice Of Sale (the "Motion") of Meadowcraft, Inc., debtor and debtor in possession (the "Debtor"). A limited objection to the Motion was filed by Bank of America Leasing LLC. Based upon the pleadings of record, the arguments and representations of counsel, all other matters brought before the Court, and for good cause shown, the Court hereby finds, determines and concludes that granting the relief requested in the Motion is in the best interest of the Debtor, its estate, and its creditors. Accordingly, it is hereby

**ORDERED, ADJUDGED and DECREED** that the Motion is granted; and it is further

**ORDERED, ADJUDGED and DECREED** that the limited objection of Bank of America Leasing LLC is deemed moot for the reason set forth on the record at the hearing; and it is further

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**ORDERED, ADJUDGED and DECREED** that the Bidding Procedures attached hereto as Exhibit A are approved; and it is further

**ORDERED, ADJUDGED and DECREED** that the Debtor is authorized to enter into an agreement with an Initial Bidder<sup>1</sup> on substantially the same terms and conditions as the Purchase Agreement filed separately on November 7, 2002, that may, among other things, grant a Break-Up Fee subject to the following terms and conditions:

(a) The Debtor may grant a Break-Up Fee to an Initial Bidder, provided that the amount of the Break-Up Fee does not exceed three percent (3%) of the Initial Bid of the Initial Bidder without regard to any overbids.

(b) The Break-Up Fee for any Initial Bidder shall be paid only if the Debtor fails to consummate the transaction proposed in the Initial Bid, but only if such failure to consummate the transaction is because the Debtor accepts a bid from a competing bidder and actually closes the sale and receive the purchase price from such competing bidder.

(c) Accepting an agreement from the Debtor to grant a Break-Up Fee shall commit an Initial Bidder to provide the Debtor with copies of environmental reports, title reports and other results of due diligence as the Debtor may request at any time, and such materials may be shared by the Debtor with competing bidders.

So Ordered this the 7<sup>th</sup> day of November, 2002.



Tamara O. Mitchell  
United States Bankruptcy Judge

<sup>1</sup> Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Motion.

**EXHIBIT A**

## **MEADOWCRAFT, INC.**

### **BIDDING PROCEDURES**

These Bidding Procedures set forth the process by which Keen Realty, LLC and CB Richard Ellis, Inc., real estate consultants (together the "Consultants") to Meadowcraft, Inc. ("Meadowcraft" or the "Company") will conduct a sale by auction (the "Auction") of certain owned real property.

1. Assets to be Sold.

Meadowcraft wishes to enter into a purchase agreement to sell certain property (the "Property")<sup>1</sup> located in Somerton, Yuma County, Arizona more particularly described in the Asset Purchase Agreement attached hereto as Exhibit A (the "Purchase Agreement"). Prospective bidders, if any, may qualify for and participate in the Auction, to compete to make the highest and best offer for any or all of the Property.

All inquiries concerning the Property should be made to one of the following:

- (i) Keen Realty, LLC  
60 Cutter Mill Road, Suite 407  
Great Neck, NY 10021-3104  
Attn: Michael Matlat  
Telephone: 516-482-2700  
Facsimile: 516-482-5764

-or-

- (ii) CB Richard Ellis, Inc.  
3333 East Speedway  
Tucson, AZ 85718  
Attn: Bill Divito  
Telephone: 520-321-3331  
Facsimile: 520-321-3339

2. Bid Deadline.

Any bidder desiring to qualify for participation in the Auction must deliver its Qualified Offer (as described in Section 3) in writing to Meadowcraft such that the Offer is actually received by the foregoing persons not later than **4:00 p.m. (Central Time) on November 27, 2002** (the "Bidding Deadline"). Offers received after this deadline may be rejected at Meadowcraft's discretion.

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<sup>1</sup> The Property shall not include equipment located in Somerton, Yuma County, Arizona and leased to the Debtor by Bank of America Leasing LLC in accordance with the terms of the Purchase Agreement.

3. Requirements for a Qualified Offer.

A Qualified Offer is an offer that complies with the Bid Procedures described herein.

Unless Meadowcraft and their Consultants determine otherwise, a Qualified Offer must consist of the following:

- a) an executed offer substantially on the same terms and conditions as provided in the Purchase Agreement without any material changes to the terms of the Purchase Agreement;
- b) a deposit (the "Deposit") equal to the greater of ten percent (10%) of the total proposed purchase price or \$300,000 in the form of a certified or cashier's check or by letter of credit for the benefit of Meadowcraft issued by a bank headquartered in the United States, payable at sight;
- c) an Offer and Bid Registration in such form as to be provided by the Consultants;
- d) give sufficient indicia that the bidder or its representative is legally empowered, by power of attorney or otherwise to both bid on behalf of the bidder and also to complete and sign, on behalf of the bidder, a binding and enforceable Purchase Agreement;
- e) provide written evidence of the bidder's ability to consummate the transaction, such as, without limitation, a current financial statement or copies of the bidder's bank statement for each of the three months preceding the Auction; and
- f) provide for consideration payable only in cash.

On or before the Bidding Deadline, Bidders shall send the original documents and the Deposits to Meadowcraft's attorney, Bradley Arant Rose & White LLP, One Federal Place, 1819 Fifth Avenue North, Birmingham, Alabama 35203-2104, Attention Sherri T. Freeman, and shall send copies to (a) Keen Realty, L.L.C., 60 Cutter Mill Road, Suite 407, Great Neck, New York 10021-3104, Attention Mike Matlat; and (b) counsel for Bank of America, Moore & Van Allen, PLLC, NationsBank Corporate Center, 100 North Tryon Street, 47<sup>th</sup> Floor, Charlotte, North Carolina, 28202-4003, Attention Ben Hawfield. Meadowcraft reserves the right to hold deposits until five days after the closing on any parcel of real property.

The Company will, in its discretion, after consultation with its Consultants, advisors and Lenders, determine whether an offer is a Qualified Offer and whether a

Qualified Offer constitutes the most favorable transaction for the Company's assets. The Company may determine, in its business judgment, which Qualified Offer is the highest and best offer for the Property and may reject, at any time prior to closing a Qualified Offer, any bid that, in the Company's and its Consultants sole discretion, is (a) inadequate or insufficient; (b) contrary to the best interests of the Company; or (c) not in conformity with the requirements of the Bidding Procedures; provided, however, ultimate approval of the highest and best offer will be subject to order of the Bankruptcy Court.

Bids may be revealed to any other entity at the option of the Company and their Consultants. The Company and their Consultants may request additional information from a bidder to evaluate the bidder's ability to consummate a transaction and to fulfill its obligations in connection therewith, and such bidder shall be obligated to provide such information. Failure of the bidder to provide such information may result in the bid no longer being considered a Qualified Offer.

Each bidder, as a consequence of submitting a bid for the Property, shall be deemed to acknowledge: (a) that it is bound by these Bidding Procedures; (b) that it has been given an opportunity to inspect and examine the Property and to review all pertinent documents and information with respect to the Property before making its offer and that each such bidder relied solely on that review and upon its own investigation and inspection in making its bid; and (c) that bidder is not relying upon any written or oral statements, representations or warranties of the Company, their agents or representatives.

#### 4. Auction.

The Auction will be held in Courtroom No. 2, Robert Vance Federal Building, 1800 Fifth Avenue North, Birmingham, Alabama 35203 on **December 3, 2002 at 9:00 a.m. (Central Time)**. The Company and their Consultants may continue or adjourn the Auction from time to time without further notice in their sole discretion. For a Qualified Offer to be considered, the bidder(s) must participate in the Auction by telephone or through a duly authorized representative, unless alternative arrangements are made in advance with the Company and its Consultants. Only bidders with a Qualified Offer may participate in the Auction. All bidders with a Qualified Offer must have a representative attend the Auction in person.

If multiple bids are received satisfying all requirements the Company and its Consultants impose, then each such bidder shall have the right to continue to improve its bid at the Auction. Bidding will commence with the announcement of the highest Qualified Offer. A competing bidder must make the initial bid in an amount of \$25,000 greater than the opening bid. All subsequent bids must be made in monetary increments of a minimum of \$25,000 each or such other minimum amount as may be announced by the Consultants from time to time at the Auction. As referenced in paragraph 8, in the event there exists an Initial Bidder to whom Meadowcraft has granted a Break-Up Fee, a competing bidder must make the initial bid at the Auction in an amount of at least five percent (5%) greater than the original bid made by the Initial Bidder.

All bids, whether oral or written and the succession of oral bids shall be irrevocable until the earlier of the closing on the Property or thirty days following the conclusion of the Auction. Formal rejection of a Qualified Offer by the Company will not occur unless and until (a) the Company expressly rejects such Qualified Offer in writing or (b) a closing occurs with respect to the Property that is the subject of such Qualified Offer.

At the conclusion of the Auction, the winning bid will be selected by the Company and its Consultants from the Qualified Offers (the "Winning Bid"); provided, however, the Company and its Consultants shall have the right, in their discretion, to reject any and all Qualified Offers made at the Auction. At the conclusion of the Auction, the Company and its Consultants may, in their sole discretion, designate a back up bid from the Qualified Offers (singular or plural, as appropriate, the "Back-up Bid"), such Back-Up Bid to be called upon to consummate a sale of the Property in the event that the Winning Bid fails to Close on the sale of the Property under the terms and conditions of the Purchase Agreement. However, the establishment of a Back-up Bid does not release any other bidders from the obligations of their bids, and all bids shall remain open and irrevocable as set forth in section 6 herein below. Before the adjournment of the Auction, unless and to the extent otherwise agreed by the Company and its Consultants, each entity that makes a Winning Bid shall complete and sign all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which its respective Winning Bid was made.

5. Closing.

The closing of the sale of the Property will occur in accordance with the terms of the Purchase Agreement.

6. Failure to Consummate Purchase.

All bids shall remain open and irrevocable until the earlier to occur of (i) the Closing for the Property or (ii) thirty (30) days following the last date of the Auction, as adjourned. If for any reason the party making the winning bid fails to consummate a sale of the Property, or any part thereof, the Company and its Consultants shall deem the Back-Up Bid offeror of the second highest and best Qualified Offer for any of the same Property, to have submitted the highest and best Qualified Offer. If such failure to consummate the purchase is the result of a breach by the winning bidder, such breaching party's deposit shall be forfeited to the Company, and the Company specifically reserves the right to seek all available damages from the defaulting bidder.

7. Reservation of Rights: Deadline Extensions.

The Company reserves its rights to: (a) impose, at or before the Auction, additional terms and conditions on a sale of the Property; (b) extend the deadlines set forth in the Bidding Procedures; (c) adjourn the Auction at the Auction; (d) without notice, withdraw from the Auction any or all of the Property at any time prior to or during the Auction or cancel the Auction; and (e) reject all Qualified Offers, if in the Company's reasonable judgment no bid is for a fair and adequate price or if in the Company's reasonable judgment it is not in the best interests of the Company to accept such bid.

8. Break-Up Fee.

If Meadowcraft enters into contract with a potential purchaser (the "Initial Bidder") prior to November 22, 2002 for a purchase price in excess of \$3,000,000.00 for the Property, Meadowcraft, at its sole and absolute discretion, may provide a break-up fee equal to three percent (3%) of the purchase price offered by the Initial Bidder, prior to any subsequent overbids (the "Break-Up Fee") to the Initial Bidder. In response to any bid, the Initial Bidder will be entitled to bid, as a cash equivalent, the amount of the Break-Up Fee that would be payable if a third-party bid were successful. In the event Meadowcraft provides the Break-Up Fee to the Initial Bidder, a competing bidder must make the initial bid at the Auction in an amount at least five percent (5%) greater than the bid made by the Initial Bidder.